

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA  
DOCKET NO. 93-787-G - ORDER NO. 95-154 ✓  
JANUARY 27, 1995

IN RE: Application of Piedmont Natural Gas            ) ORDER RULING  
      Company for Approval of an Integrated        ) ON INTEGRATED  
      Resource Plan.                                 ) RESOURCE PLAN

This matter comes before the Public Service Commission of South Carolina (the Commission) for consideration of the Integrated Resource Plan (IRP) filed by Piedmont Natural Gas Company (Piedmont or the Company).

Subsequent to the publication of Notice, the following parties intervened in this Docket in addition to the Commission Staff (the Staff): South Carolina Electric & Gas (SCE&G); South Carolina Pipeline Corporation (Pipeline); the Consumer Advocate for the State of South Carolina (the Consumer Advocate); Duke Power Company (Duke); and the South Carolina Energy Users Committee (SCEUC).

The Commission, in Docket No. 91-677-G, issued Order No. 93-145 on February 8, 1993, and Order No. 93-412 in May 1993, setting forth an IRP process, which must be complied with by gas utilities under its jurisdiction. These procedures were developed through a collaborative process which included the Staff, the Consumer Advocate's office, Piedmont, United Cities Gas Company

(United), Pipeline, SCE&G, Nucor Steel, and SCEUC. Upon agreement among the parties, the procedures were submitted to the Commission for consideration and were approved under Docket No. 91-677-G.

In addition of the State Law of South Carolina, and the IRP procedures established by the Commission, the Federal Energy Policy Act of 1992 (EPACT) under §115, addresses the importance of an IRP process for gas utilities and sets forth specific considerations which states were required to address concerning integrated resource planning.

IRP is a economic planning process which is designed to determine a mix of energy resources with the lowest total system costs at which a utility can deliver reliable energy services to its customers. The IRP process is ongoing and must be dynamic and flexible in nature, allowing for periodic changes within the utility planning process, and also within the Commission's objectives and procedures which define the process.

IRP supplements traditional utility regulation by focusing on the utility planning process. Utility resource development decisions are reviewed and evaluated prior to the extensive commitment of time and capital. IRP should minimize the probability that utilities, regulators, and consumers would be confronted with costs related to avoided or inappropriate resource investments, while helping to ensure that an adequate supply of energy is available.

The IRP process established under Docket No. 91-677-G, provides for comprehensive and periodic review of resource

options, but, at the same time, it is not intended to remove the ultimate responsibility for planning from the utility. The utility maintains ultimate responsibility for its planning process, but it must evaluate all reasonable resource options; both supply-side and demand-side.

The objective of the gas IRP process is the development of a utility planning process that results in a minimization of long-run total system costs and produces the least cost to consumers consistent with the availability of an adequate and reliable supply of energy, while maintaining system flexibility, improved efficiencies of energy utilization, improved customer service, and considering environmental impacts.

A collaborative process involving all parties of record was involved in the review of Piedmont's IRP. Collaborative meetings were held among all the parties with additional meetings held at various times between the Company and the Staff, the Company and the other parties, and among the various parties. Through this process, issues are identified and addressed with many matters being resolved.

The IRP filed by each utility is complex and comprehensive, and the collaborative process assists the other parties, including the Staff, in conducting a more thorough review. In addition to the collaborative process, the Staff and other parties conduct independent reviews and analyses of each IRP in an effort to identify and resolve issues. Many of the Commission's department's are involved to some extent in reviewing an IRP.

Various participants within the review process employ outside consultants to assist in their review.

Subsequent to a number of collaborative meetings in this Docket, hearings were held on November 29, 1994 and January 12, 1995, with the Honorable Rudolph Mitchell, presiding. Piedmont was represented by Jerry W. Amos, Esquire, and John E. Schmidt, Esquire. The Company presented the testimony of Bill R. Morris and William C. Kearney. The Intervenor, SCE&G, was represented by Patrick Hudson; Pipeline was represented by Sarena D. Burch, Esquire; the Consumer Advocate was represented by Hana Pokona-Williamson, Esquire, and Elliott F. Elam, Jr., Esquire. The Consumer Advocate presented the testimony Shawn Duff Intorcio. Duke was represented by Mary Lynne Grigg; SCEUC was represented by Arthur G. Fusco, Esquire, and Dean Bell, Esquire; and the Commission Staff was represented by F. David Butler, General Counsel, who presented the testimony of R. Glenn Rhyne, Jr., Assistant Director of the Utilities Division.

At the onset of the hearing, it was announced that stipulations had been reached between Piedmont and the Staff. Piedmont and Duke, Piedmont and SCEUC, Piedmont and SCE&G, and between Pipeline and Piedmont. The only remaining party not to stipulate was the Consumer Advocate.

Bill R. Morris and William C. Kearney testified for Piedmont. The witnesses explained how the Company's IRP was formulated, what research was done, what outside consultants were employed, and other details. The Staff witness, R. Glenn Rhyne,

Jr., explained the IRP process, and explained the stipulation between Piedmont and the Staff.

The major remaining issues, subsequent to the Stipulations between Piedmont and the various parties had to do with the Consumer Advocate's challenge of the Company's supply-side analysis. The Consumer Advocate presented the testimony of Shawn Duff Intorcio, who raised a number of concerns having to do with the Company's supply-side analysis. Intorcio stated her belief that different load forecasts appeared to have been used to develop the supply-side plan and to examine the selection of the demand-side resources. Further, Intorcio opined that peaking or storage capacity was more appropriate in several instances than the Company acquiring pipeline capacity.

On January 12, 1995, Piedmont presented the rebuttal testimony of Chuck Fleenor, who, in our opinion, rebutted the testimony of Ms. Intorcio. Clearly, the Company used the same forecast to analyze both its supply and demand-sides. Further, we think that Piedmont provided satisfactory evidence to show that its pipeline purchases were prudent rather than the purchase of storage or LNG gas.

The Commission has examined all of the stipulations in the case and hereby approves them. We think that the Stipulation between Piedmont and the Staff correctly reduces to writing the Commission findings for this Order. (See Exhibit A.) Item II.B.2 states:

The Company's IRP is reasonably consistent with the

objective statement contained in Order No. 93-145, and the overall intent of the Commission's IRP procedures with a minimum consideration, however, of supply-side impacts. It is also reasonably consistent with the requirements of the provisions of the South Carolina Energy Act..., and with Section 115 of the Energy Policy Act of 1992 (EPACT). The IRP process is ongoing with adjustments and improvements required in the Company's IRP to meet the intent of the Commission's procedures.

As a part of the Stipulation, the Company agreed that it would seek to develop a more comprehensive IRP in the future with greater consideration of supply-side impacts, provided, however, that the prudence of Piedmont's gas purchasing practices will continue to be determined under the provisions of Commission Order No. 91-927, and will not be subject to review in the IRP proceedings.

It should be noted that supply-side resources and issues are to be considered within the framework of the IRP process as to their consistency with the Commission's IRP procedures and objective statement. In other words, supply-side resources should be evaluated as to the impact on the minimization of long-run total system costs, availability of adequate and reliable energy supply, maintenance of system flexibility, and improved efficiency of energy utilization on the system. Procedure Items B.3, B.6, B.13, B.20, and B.22 A, B, and C address supply-side analyses specifically.

The Staff's conclusion that the IRP filing of Piedmont is "reasonably consistent" means, in the Staff's opinion, (a) The utility has made an adequate and good faith effort to address and comply with the 11 pages of procedures in the objective statement set forth under Docket No. 91-677-G, including the issues which Staff considers very important such as Demand-Side Management analysis, Supply-Side analysis, cost-recovery criteria, timely compliance with filing requirements, and responsiveness through the collaborative process; (b) There are no apparent significant deliberate omissions or violations of the existing IRP procedures in the objective statements sufficient to warrant rejection for the IRP filing; and (c) Any relevant weaknesses within the IRP filing could be addressed through the implementation of the Staff's recommendations. The Commission adopts this language from the Company-Staff Stipulation as part of this Order.

It should be noted that Staff proposed several additional recommendations for the IRP process of Piedmont, which were not contained in the Stipulation. First, the Staff proposed that in future Short-Term Actions Plans (STAPs) and IRP filings, that the Company should identify the areas where it anticipates the greatest degree of load growth and identify how the Company is attempting to structure DSM programs to deal with this anticipated growth. Any load building DSM programs which the Company might wish to implement in the future should be related to the installation of technologies which can provide increased end-use efficiencies, while contributing to system efficiencies. In future STAPs and

IRPs, Piedmont should explain how these load building programs enhance system efficiencies through new technologies, or justify why such programs are appropriate without contributing to the achievement of the objective. As part of the analysis of load building programs, the Company should incorporate consideration of relevant resulting system impacts, such as increasing or decreasing the need for future gas supplies, transmission, distribution, and storage facilities.

The Staff is concerned that load building DSM programs might be used by a utility primarily as a marketing tool with a focus largely on enhancing sales. The Staff is of the opinion that such an approach would not be consistent with the intent of the SCECA for DSM programs. To address this concern, Staff feels that both electric and gas load building programs should seek to incorporate technologies, which offer more efficient end-use options. Thus, a load building program which increases sales can enable the utility to make more efficient use of its existing capacity by spreading fixed costs, or contributing to greater end-use efficiency. The Staff has recommended that the Company consider voluntarily adopting rate impact constraints related to its DSM programs. This would involve establishing DSM rate impacts which would not exceed specific percentages over a given time frame, and could be reflected in the Company's next STAP.

The Commission has considered the additional Staff recommendations in this Docket, not contained in the Stipulation, and believes that they are in the public interest, and hereby



adopts them as a portion of this Order of this Commission in this Docket.

It should be stated that the Stipulation between the Company and the Staff contains a cost-recovery mechanism that would allow Piedmont to seek recovery of costs for DSM and/or supply-side options within Piedmont's IRP, within its next general rate case, along with costs of IRP development. The Commission believes that this is appropriate, and that the Company-Staff Stipulation with regard to cost-recovery is hereby adopted with the rest of the Company-Staff Stipulation.

IT IS THEREFORE ORDERED THAT:

- 1 All Stipulations between the Company and the other parties are hereby approved, including the Stipulation between Piedmont and the Staff.
2. The additional recommendations made by the Staff, not included in the Stipulation, are hereby adopted.
3. Piedmont's Integrated Resource Plan filing is consistent with Commission procedures.
4. The Commission is not approving cost allocation or cost-recovery associated with IRP at this time, but such cost allocation and cost-recovery will be addressed in the Company's next general rate proceeding.

5. That this Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:

  
Chairman

ATTEST:

  
Executive Director

(SEAL)

August 22, 1994

JOINT STIPULATION AGREEMENT  
BETWEEN  
THE STAFF OF THE SOUTH CAROLINA  
PUBLIC SERVICE COMMISSION  
AND PIEDMONT NATURAL GAS COMPANY, INC.  
REGARDING PIEDMONT'S 1994 INTEGRATED RESOURCE PLAN

Docket No. 93-787-G

I. PREAMBLE

A. The South Carolina Energy Conservation and Efficiency Act (SCECEA) of 1992 under Section 58-37-20 requires the South Carolina Public Service Commission (Commission) to adopt procedures that encourage public utilities providing gas service subject to the jurisdiction of the Commission to invest in cost-effective energy efficient technologies and energy conservation programs. On February 8, 1993, the Commission in its Order No. 93-145 in Docket No. 91-677-G determined that a proceeding should be initiated to address the issue of Integrated Resource Planning (IRP) relating to natural gas utilities for the purpose of fulfilling the requirements set forth within the SCECEA of 1992.

B. On May 7, 1993, the Commission in its Order No. 93-412 in Docket No. 91-677-G adopted procedures for the filing of IRP's by natural gas utilities (Gas IRP Procedures). Among other things, the Gas IRP Procedures required the Piedmont Natural Gas Company (Company) to file an IRP on or before January 1, 1994.

C. On December 28, 1993, the Company filed its IRP and that filing was assigned Docket No. 93-787-G.

D. On January 19, 1994, in conjunction with the IRP procedures set forth in Order No. 93-412, the Staff of the South Carolina Public Service Commission (Staff) began its investigation of Piedmont's IRP and served data requests on the Company. On February 4, 1994, the Company provided the Staff with responses to the January 19, 1994 Data Requests. Section A, Item E of the Commission's Gas IRP procedure established a collaborative process to examine and attempt to resolve issues. These collaborated meetings are a major component of the consideration process and may be held among individual parties or collectively as desired. Meetings were held between the Staff, the Consumer Advocate, and the Company under the process related to Staff's data request.

E. The following parties were permitted to intervene in this docket: Consumer Advocate for the State of South Carolina (Consumer Advocate), Duke Power Company (Duke), South Carolina Energy Users Committee (Energy Users), South Carolina Electric & Gas Company (SCE&G) and South Carolina Pipeline Company (SCPC).

F. On or before April 15, 1994, the Staff, Consumer Advocate, Energy Users and Duke provided Piedmont with a list of their preliminary issues. During the collaborative process, the Company agreed to remove the Natural Gas Vehicle (NGV) pilot program from its initial IRP filing without prejudice to the Company's right to file such program at a later date or to seek recovery of NGV costs in another proceeding. The Company's December 28, 1993 IRP filing as amended to remove the NGV pilot program is hereinafter referred to as "the Company's IRP."

G. On April 15, 1994, a meeting was held at the offices of the Commission as required by Paragraph A. 1. E. of the IRP Procedures. All parties were represented at the meeting. At the meeting, the parties discussed the various issues raised by the parties and procedures for resolving the issues. All parties were encouraged to meet individually with the Company to attempt to resolve all issues as part of the collaborative process.

H. Subsequent to the April 15, 1994 meeting, the Company and the Staff met and agreed to resolve the relevant issues between the Company and the Staff. The resolution of these issues is set forth in the Stipulation in Section II below.

## II. STIPULATION

A. Parties: Effect of Stipulation. This stipulation is agreed to by and between the Company, the Staff, and all other signatory parties, and is intended to resolve any issues raised by the parties. This stipulation has been provided to each party to this proceeding for consideration. In the event that any party does not agree to the provisions of this stipulation, the Company and the Staff will be entitled to reject all or any portion of this stipulation; therefore any "non-consenting party" is strongly encouraged to resolve those issues that it deems to be significant through the collaborative process.

### B. The Company's IRP.

1. The Company has made a good faith effort to comply

with the IRP Procedures. The Demand-Side Management (DSM) programs included in Piedmont's IRP fall within the definition of "demand-side activity" in Section 58-37-20 of the SCECEA of 1992. The Company has agreed to remove the natural gas vehicle pilot program from its IRP filing as discussed in preamble item F. Under the SCECEA of 1992, "demand-side activity" means "a program conducted or produced by a producer, supplier, or distributor of energy for the reduction or more efficient use of energy requirements of the producer's, supplier's, or distributor's customers, including, but not limited to, conservation and energy efficiency, load management, cogeneration, and renewable energy technologies." The DSM pilots set forth by the Company in the IRP filing must prove to be consistent with the Commission's IRP procedures to become eligible for incentives as actual DSM programs/options.

2. The Company's IRP is reasonably consistent with the objective statement contained in Order No. 93-145 and the overall intent of the Commission's IRP Procedures with a minimum consideration, however, of Supply-Side impacts. It is also reasonably consistent with the requirements of the provisions of the South Carolina Energy Act (and, in particular, with the provisions of Section 58-37-10(2) and Section 58-37-40(A) and with Section 115 of the Energy Policy Act of 1992. The IRP process is on-going with adjustments and improvements required in the Company's IRP to meet the intent of the Commission's procedures. The Company will seek to develop a more comprehensive IRP in the future with greater consideration of supply-side impacts; provided, however, that the prudence of Piedmont's gas purchasing practices will continue to be determined under the provisions of Commission Order No. 91-927 and will not be subject to review in IRP proceedings. [See item E.1.(viii)].

3. The Company has screened the DSM programs included in its December 28, 1993 filing using the Participant Test, the Rate Impact Test (RIM Test) and the Total Resource Cost Test (TRC Test). The results of these tests have been filed with the Commission as justification for a finding that the DSM programs included in the Company's December 28, 1993 filing offer the potential to be cost-effective.

4. The resource options incorporated within the Piedmont IRP should be adequate to satisfy the projected energy requirements of the Company's customers given current information and excluding any events which were not included within the Company's planning process such as emergency supply curtailments, etc.

#### C. Cost Recovery.

1. All cost recovery for demand-side management (DSM) and/or supply-side options incorporated within Piedmont's IRP should be consistent with the Commission's Natural Gas IRP Order No. 93-145 and with the South Carolina Energy Conservation and Efficiency Act of 1992 and with the provisions of the stipulation. The following three criteria must be met before the recovery of any DSM Cost with respect to a particular DSM program is appropriate:

- (i) Prior to implementation or modification of a DSM Program, the Company must provide justification that the program has a reasonable potential for being cost-effective. For ultimate cost-recovery, justification of a DSM program includes establishing a reasonable degree of cost-effectiveness using an appropriate method of analysis.
- (ii) During implementation of a DSM program, the Company must take steps to assure that the program is being implemented in a just and reasonable manner and that it continues to have the potential for being cost-effective. The Company needs to justify those DSM Costs which exceed the projected levels and should seek to modify and/or terminate those options which are not cost-effective and do not have the potential to be cost-effective.
- (iii) At the time that the Company seeks to recover its DSM Costs, the Company must demonstrate that the level of benefits achieved from the program is consistent with the projected benefits and that the program has achieved an appropriate level of benefits at a reasonable cost. The Company must contrast the projected cost/benefits with the actual cost/benefits achieved and justify any failure to achieve the projected benefits. The failure of the Company to achieve the projected level of benefits for any specific DSM program, in and of itself, does not mean that the costs relating to the program are not recoverable. The DSM costs and benefits which are appropriate for the consideration of DSM Programs for purposes of cost-recovery are South Carolina system related costs and benefits.

2. "IRP Costs" includes those costs incurred by the Company to prepare, administer and implement Piedmont's IRP.

3. "DSM Costs" are a portion of the total IRP costs and

include the following costs incurred in connection with DSM programs which are found to be reasonably consistent with the objective statement contained in Order No. 93-145 and the overall intent of the Commission's IRP process:

- (i) Those costs incurred by the Company to administer, implement, monitor and evaluate its DSM programs.
- (ii) Incentive payments and rebates provided to or on behalf of the Company's customers pursuant to a DSM program.
- (iii) Properly identified reduced revenues to the Company that result from implementation of a DSM program often referred to as "lost revenues".

4. "Lost revenues" as defined in D.3.(iii) are not an issue with respect to the Company's December, 1993 IRP filings, because the Company did not seek recovery of such revenues in that filing and does not plan to seek recovery until a later date when those revenues can be measured with greater accuracy.

5. "Utility Incentives" include special incentives made available to the Company to encourage or reward it for participation in a DSM program and to comply with specific requirements of Section 58-37-20 of the South Carolina Conservation and Energy Act.

6. A) The Company has incurred reasonable IRP Costs of \$115,407 in connection with its December 28, 1993 IRP filing. The Company should be permitted to recover these costs plus carrying costs at the Company's allowed return on investment by amortizing them over a three-year period of time beginning with the effective date of any rates approved in the Company's next general rate case.

B) The Company may incur additional IRP Costs in the future in connection with any amendments or modifications with its December 28, 1993 IRP filing. The Company should be permitted to recover prudently incurred additional IRP Costs plus carrying costs at the Company's allowed return on investment by amortizing them over an appropriate period of time in future rate cases.

7. A) The Company will incur DSM Costs of the type referred to in Paragraph II.D.3.(i) in the future. The Company should be permitted to recover prudently incurred DSM Costs plus carrying costs at the Company's allowed return on investment by amortizing them over an appropriate period of time in future rate cases.

B) The Company will incur DSM Costs of the type referred to in Paragraph II.D.3.(i) in the future. The Company should be permitted to recover prudently incurred DSM Costs plus carrying costs at the Company's allowed return on investment through a "tracking" mechanism by which the costs and associated carrying costs are recorded in a deferred account and recovered in future rates.

C) The Company may incur DSM Costs of the type referred to in Paragraph II.D.3.(iii) in the future. The actual treatment of "lost revenues" will be determined at some future date. However, the treatment of such lost revenues when properly determined could be consistent with the treatment of other prudently incurred costs. Therefore, the Company could be permitted to recover prudently incurred DSM Costs plus carrying costs at the Company's allowed return on investment by amortizing them over an appropriate period of time in future rate cases.

8. Based on the Company's best estimates, its aggregate expenditures on DSM pilots will not exceed \$1,484,500 for the first year, \$1,523,700 for the second year, \$1,566,700 for the third year, \$1,638,200 for the fourth year and \$1,724,800 for the fifth year.

9. The Company will inform the Commission and provide appropriate justification when it appears that any annual level of expenditure as identified in item 7 is expected to exceed or fall below the previously estimated amount for that annual period.

10. The Company will file quarterly updates with the Commission showing DSM expenditures on an aggregate basis and also by accounting categories and DSM options/programs.

11. The Company has not sought recovery of any Utility Incentives with respect to any of the DSM pilot programs included in its December 28, 1993 IRP filing. However, the Company shall have the right to seek such incentives once these pilot programs move beyond the pilot stage to become actual DSM options/programs.

#### **D. DSM Impact Measurement Process**

1. The Company will file with its Short-Term Action Plan in April of 1995 an initial formal DSM impact measurement process. This DSM impact measurement process should be enhanced periodically by the Company subject to Commission consideration or as required by the Commission. The DSM impact measurement plan should seek to establish with



reasonable confidence:

- (i) The type and magnitude of the impacts of each DSM program or option; and
- (ii) The estimated effects expected to be achieved over the life of a program and the actual effects attributed to a program over a given time period should seek to rule out alternative explanations and factors such as weather, snap-back effects, free-riders, changing consumer tastes impacting usage under an option, errors resulting from modeling assumptions, technological and equipment changes, and any other such factor; and
- (iii) The durability of the actual impacts of the program over time; and,
- (iv) The degree of market penetration of each option; and
- (v) The cost-effectiveness of each option in achieving the impacts.

2. The parties to this Stipulation recognize that the Commission and the Commission Staff consider the reliability, credibility, and dependability of the DSM impacts and outcomes to be of paramount importance. However, the impact measurement plan need not evaluate each DSM program with the same degree of rigor and effort. It is important in the measurement process that the costs of evaluation be balanced against the value of the information obtained

3. The parties to this agreement believe that the Company is responsible within the IRP process for fully justifying to the satisfaction of the Commission its overall IRP and the resource options incorporated within the plan, especially the DSM resource options/programs.

#### E. Future IRP's.

1. The Company agrees with the following list of recommendations developed by the Commission Staff to be incorporated in developing future IRP's.

- (i) The Company will seek to develop an appropriate portfolio of DSM options/programs with special consideration of cost-effective energy efficient options, peak reducing options, and also conservation options which will be incorporated within a comprehensive IRP.

- (ii) The Company will continue to make full use of pilot projects, where feasible, to evaluate uncertainties related to DSM options.
- (iii) The Company will pursue end-use analysis in a cost-effective manner where appropriate to assist in understanding consumer behavior.
- (iv) The Company will develop a cost-effective, comprehensive, and reasonable methodology for measuring the impacts of DSM options consistent with Paragraph II.E.1.
- (v) The Company will continue to actively explore and evaluate new DSM technologies and programs.
- (vi) The Company will establish an accounting mechanism or process evaluation which will enable the Commission Accounting Department to adequately track all DSM related costs.
- (vii) In carrying out the IRP process, the Company will attempt to avoid such circumstances which might produce an unfair competitive advantage by the Company over any small business engaged in the design, sale, supply, installation or servicing of energy conservation, energy efficiency, or other demand-side management measures.
- (viii) The Company will seek to develop a more comprehensive IRP which will reflect supply-side and DSM impacts through the use of a base case supply side scenario; provided, however, that the prudence of Piedmont's gas purchasing practices will continue to be determined under the provisions of Commission Order No. 91-927 and will not be subject to review in IRP proceedings.

2. The parties to this Stipulation believe that the procedures set forth in Paragraph II.F.3 should be followed for filing new, modified (including those options proposed for elimination) or pilot DSM programs. An overriding concern of this process is that Staff and the other parties be provided the necessary information in a timely manner by the Company so that the Staff and parties have an understanding of the new, modified or pilot DSM programs. The parties are to be allowed to discuss any relevant issues with the Company and a good faith effort should be made by all parties to resolve any disputed issues within the allotted time frame. This procedure will not prejudice the right of any party to question the appropriateness of the DSM programs or their

related costs in the future. Moreover, the Company must still comply with the cost recovery requirements set forth by the Commission. Nothing in this Stipulation, however, shall require the Company to share any confidential, proprietary or competitively-sensitive information with any party who is a competitor of the Company.

3. The procedures for the filing of new, modified or pilot DSM programs shall be as follows:

- (i) Filings with the Commission of new, modified or pilot DSM programs for evaluation of their reasonableness, consistency with the IRP objective statement and procedures, and cost effectiveness shall be provided to parties of the existing docket. These filings will provide the Commission, the Staff, and the parties of record with information on the proposed new, modified or pilot DSM programs.
- (ii) A list of minimum filing requirements for the new, modified or pilot DSM program filings has been included as Appendix A of the Commission's Gas IRP process as of May 5, 1993. These requirements may be modified from time to time by the Staff. Any party who disagrees with any filing requirement proposed by the Staff and who is unable to resolve his or her differences with the Staff may seek resolution of the disagreement by the Commission.
- (iii) The Company will meet with any interested party of record at the request of the party to discuss the new, modified or pilot DSM program. The parties will have 30 days from the date of the filing to resolve any issue.
- (iv) Any party wishing to express an opinion on the DSM filing may file a letter of comment with the Commission. This letter will be retained within the docket file. Comments are not, however, required to protect a party's right to litigate the reasonableness of a DSM program at a future date.

Compliance with these filing requirements will allow the Company to:

- (a) proceed with implementation of the new, modified or pilot DSM program as filed or with the elimination of any program no

longer consistent with the Commission's  
IRP objectives, and

- (b) include the specified DSM costs within a  
deferral account consistent with related IRP  
procedures established by this Commission.

The modified process for item E.3. shall supersede the  
procedure for Piedmont Natural Gas Company as set forth under  
the amended Gas IRP procedures developed by the Commission  
under Docket No. 91-677-G.

The Commission Staff

Piedmont Natural Gas Company, Inc.

by: E. David Butler

Date: 8/23/94

by: [Signature]

Date: 8/29/94

SC Electric and Gas Company

SC Pipeline Corporation

by: \_\_\_\_\_

Date: \_\_\_\_\_

by: \_\_\_\_\_

Date: \_\_\_\_\_

Duke Power Company

SC Energy Users Committee

by: \_\_\_\_\_

Date: \_\_\_\_\_

by: \_\_\_\_\_

Date: \_\_\_\_\_

SC Department of Consumer Affairs

by: \_\_\_\_\_

Date: \_\_\_\_\_